

EVESON, SNYDER, LINCOLN & Co.

CERTIFIED PUBLIC ACCOUNTANTS
1121 ADAMS AVENUE — P.O. BOX 1024
LA GRANDE, OREGON 97650

TELEPHONE
(503) 963-4191

CHARLES A. SNYDER . C. P. A.
TERRY D. LINCOLN . C. P. A.
JAMES L. SEYDEL . C. P. A.
H. BRENT LEWIS . C. P. A.

JAMES G. EVESON . C. P. A.
MICHAEL MOELLER . C. P. A.
DUANE WHEELER . C. P. A.
LES MEAD

MEMBERS
AMERICAN INSTITUTE OF C. P. A. S
OREGON SOCIETY OF C. P. A. S
AICPA DIVISION OF FIRMS

February 15, 1988

Mayor and City Council
City of Elgin
P.O. Box 128
Elgin, Oregon 97827

Ladies and Gentlemen:

In connection with the audit of the City of Elgin, Oregon, for the year ended June 30, 1988, we submit the following proposal:

We will examine the required financial statements of the City of Elgin, Oregon, as of June 30, 1988, for the purpose of rendering an opinion on them. Our examination will be made in accordance with generally accepted auditing standards, the Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State of the State of Oregon, and the appropriate Federal guidelines, such as OMB Circular A-128, as are designated at the time of our audit and, accordingly, will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of assets, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected creditors, legal counsel, banks and others. At the conclusion of our examination, we will request from your management certain written representations about the financial statements and matters related thereto. As in past years, it may be necessary to disclaim an opinion on the fixed assets.

Our engagement is subject to the inherent risk that material errors, irregularities, or illegal acts, including fraud or defalcations, if they exist, will not be detected. However, we will inform you of any such matters that come to our attention.

Our fee for the above services will be \$ 3,225.

As in prior years, our fee is based upon the following assumptions:

1. The City will provide us access to the general ledger(s) posted up to date as of June 30, 1988.
2. Our fee includes our charges for drafting the City's financial statements and appropriate disclosures as required by generally accepted accounting principles.

3. The fee indicated on the previous page assumes that federally funded programs will continue at approximately the same funding level as the June 30, 1987 fiscal year. Accordingly, if major changes in funding levels and/or compliance audit requirements have occurred, we reserve the right to renegotiate the audit fee in accordance with the audit contract, Items 3 and 8.

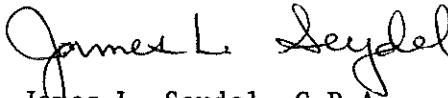
The assumptions on the previous page are for the purpose of documenting the circumstances we anticipate in connection with this engagement. Our desire is to provide you with quality audit services at a reasonable fee. Your agreement to the conditions on the previous page allows us to provide a firm bid to you for our services without having to include a substantial amount for "contingencies." The fee we have quoted in the amount of \$ 3,225 includes all charges for our time and out-of-pocket costs related to the services described.

Should you have any questions related to this proposal, please feel free to contact our office. We appreciate the opportunity to present this proposal. We are looking forward to serving you in the near future.

If this proposal is acceptable to you, please indicate in the space provided below. Sufficient copies are enclosed so that you may retain one for your files.

Sincerely,

EVESON, SNYDER, LINCOLN & CO.


James L. Seydel, C.P.A.
Partner

Accepted By: _____

Date: _____

JLS:jls
Enclosure